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E.O.11652: GDS TAGS : EFIN, BA

SUBJECT: STATUS OPIC AGREEMENT

REF : MANAMA 558

1. IN FOLLOW UP TO DISCUSSION WITH LEGAL MINISTER (REFTEL) I RAISED OPIC AGREEMENT WITH FOREIGN MINISTER, AND MORE CASUALLY WITH DEVELOPMENT MINISTER SHIRAWI AND MINISTER FOR CABINET AFFAIRS URRAYED.

2. FOREIGN MINISTER ASSURED ME GOB HAS NO PROBLEM WITH SPECIFICS OF OPIC AGREEMENT BUT FRANKLY FEELS THAT SUCH AN AGREEMENT WOULD SERVE NO MAJOR OR PRESSING BAHRAINI NEED. FOREIGN MINISTER CONCEDES MY POINT THAT IN LIGHT OF GROWING U.S. INTEREST IN REGION IN GENERAL AND BAHRAIN IN PARTICULAR THE CONCLUSION OF OPIC AGREEMENT WOULD GIVE THE "GOOD HOUSEKEEPING SEAL OF APPROVAL" TO BAHRAIN AS A SITE FOR AMERICAN BUSINESS. HE NOTES HOWEVER THAT WHILE NO ONE IN CABINET OBJECTS TO THIS ARGUMENT IT IS NOT VERY COMPELLING SINCE BAHRAIN HAS NO INTENTION OF CREATING ANY SITUATIONS IN WHICH AGREEMENT MIGHT BE INVOKED AND SINCE AMERICAN FIRMS PRESENTLY IN BAHRAIN OR INTERESTED IN COMING HAVE NEVER INDICATED TO GOB THAT THE LACK OF AN OPIC AGREEMENT IS A DETERRENT TO U.S. BUSINESS OPERATING HERE. (DEVELOPMENT MINISTER SHIRAWI TOOK VERY MUCH SAME LINE IN MY LATEST BRIEF DISCUSSION WITH HIM ON THIS SUBJECT.)

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3. WHEN I PRESSED FOREIGN MINISTER HE ASSURED ME GOB INTENDS

EVENTUALLY TO CONCLUDE OPIC AGREEMENT BUT THAT "THE TIME IS NOT YET RIGHTZM HE BEGGED FOR "A FEW MONTHS TIME". WHEN I TRIED TO PRY INTO THE "TIMING" PROBLEM HE SLIPPED BACK TO THE ARGUMENT OF NO PRESSING NEED AND GOB'S PREOCCUPATION WITH MORE URGENT MATTERS.

4. FOREIGN MINISTER'S COMMENT ON TIMING IS INTERESTING IN LIGHT OF EARLIER COMMENT BY MINISTER FOR CABINET AFFAIRS URRAYED. WHEN I SUGGESTED IN COURSE OF LIGHT CONVERSATION ON SOCIAL OCCASION TO URRAYED THAT GOB IS "HORSING AROUND" RE OPIC AGREEMENT URRAYED OBJECTED STRENUOUSLY CLAIMING GOB HAS THE MATTER UNDER VERY "SERIOUS" CONSIDERATION. HE SAID GOB, NOT FEELING ANY PRESSING REAL NEED, IS LOATHE TO CONCLUDE THIS SORT OF AGREEMENT WITH USG AT THIS TIME WHILE U.S. NAVY STILL IS IN BAHRAIN. URRAYED CONTINUED THAT RADICAL LEFT IS STILL ATTACKING GOVERNMENT IN PAMPLETS ABOUT LACK OF EVIDENCE THAT U.S. NAVY IS LEAVING AND THAT HENCE SOME GOB CABINET MINISTERS FEEL CONCLUSION OF OPIC AGREEMENT WITH ISG AT THIS TIME MIGHT BE POLITICALLY EMBARRASSING TO GOVERNMENT.

5. COMMENT: I DOUBT GOB HAS STAFFED OUT THUS PUBLIC OPINION QUESTION IN ANY SYSTEMATIC WAY OR THAT CABINET HAS TAKEN A FORMAL DECISION TO DELAY AGREEMENT UNTIL U.S. NAVY LEAVES. IT IS MORE LIKELY THAT IN DISCUSSING OPIC AGREEMENT SOME CABINET MEMBERS RAISED PUBLIC RELATIONS PROBLEM TO WHICH URRAYED REFERS, AND SINCE NO ONE WAS PRESSING HARD TO COCCLUDE AGREEMENT PRIME MINISTER DECIDED TO LET MATTERS LIE FOR MOMENT. IT IS POSSIBLE URRAYED WAS SIMPLY CLUTCHING FOR RATIONALE FOR CABINET'S DELAY IN GETTING ON WITH OPIC AGREEMENT, BUT, AS DEPARTMENT AWARE, HE SOMETIME ACTS AS RIGHT-HAND MAN FOR PRIME MINISTER AND WAS THE FIRST GOB MINISTER TO HINT TO US THIS TIME LAST YEAR THAT GOB WAS CONSIDERING PUTTING A TIME LIMIT ON U.S. NAVY PRESENCE. END COMMENT.

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